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AN ANALYSIS OF  
THE TOP TEN COMPETITORS  
TO IBM INS UK

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# AN ANALYSIS OF THE TOP TEN COMPEITORS TO IBM INS UK

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# AN ANALYSIS OF THE TOP TEN COMPETITORS TO IBM INS UK

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## I. INTRODUCTION





# I INTRODUCTION

## A. PURPOSE OF THE REPORT

- This report has been prepared by INPUT specifically for IBM INS UK.
- The purpose of this report is to present the results of a short-term market survey on the top ten competitors to IBM INS in the UK.
- Competitive companies were selected for inclusion in this study primarily on the basis of:
  - their overall size in revenue terms and thus their strategic position within the industry.
  - their business profile as a potential competitor to IBM INS, taking into account the proportion of captive revenues.
  - significant RCS activity.
- The application of these criteria resulted in the identification of the following companies as the list of ten top competitors to IBM INS UK.
  - SCICON
  - GEISCO
  - UCSL
  - CENTRE FILE
  - COMSHARE
  - BARIC
  - DATASOLVE
  - ISTEEL
  - HOSKYNS
  - UCC



## B. METHODOLOGY AND SCOPE

### 1. METHODOLOGY

- This report was based on both desk and field research, to compile as complete a picture within the timescale available (two weeks), of these top ten competitors.
- In addition INPUT's previous and on-going research programmes on information services markets in Western Europe were an important contributor to this analysis.

### 2. SCOPE

- The analysis of competitor companies is set out in Chapter III in a common format, for ease of reference and comparison.
- The company data assembled for this survey covered the broad areas of:
  - current business profile
  - areas of specialisation (existing or planned)
  - future directions and strategies
- The format for the presentation of this competitive information is shown in Exhibit I-1.
- All forecast growth figures are calculated in real pounds sterling.



## EXHIBIT I-1

### COMPETITIVE COMPANY ANALYSIS FORMAT

- BUSINESS PROFILE
  - financial performance data
    - . revenue size
    - . growth rates
  - revenue sources
    - . processing services
    - . professional services
    - . software
    - . hardware
  - number of employees
- AREAS OF SPECIALISATION
- FUTURE DIRECTIONS AND STRATEGY



## C. REPORT STRUCTURE

- The remaining chapters of this report are organised to provide the following information:
  - Chapter II contains the Executive Summary, which provides an overview of the key research findings.
  - Chapter III contains the detailed competitive company analysis for the ten selected companies set out in the common format as shown in Exhibit I-1.
  - Chapter IV describes INPUT's conclusions resulting from this competitive analysis.





## II. EXECUTIVE SUMMARY



## II EXECUTIVE SUMMARY

- This executive summary is designed in a presentation format in order to aid quick review of the research findings.



EXHIBIT II-1  
TOP TEN IBM INS UK COMPETITORS  
(1983 REVENUES)

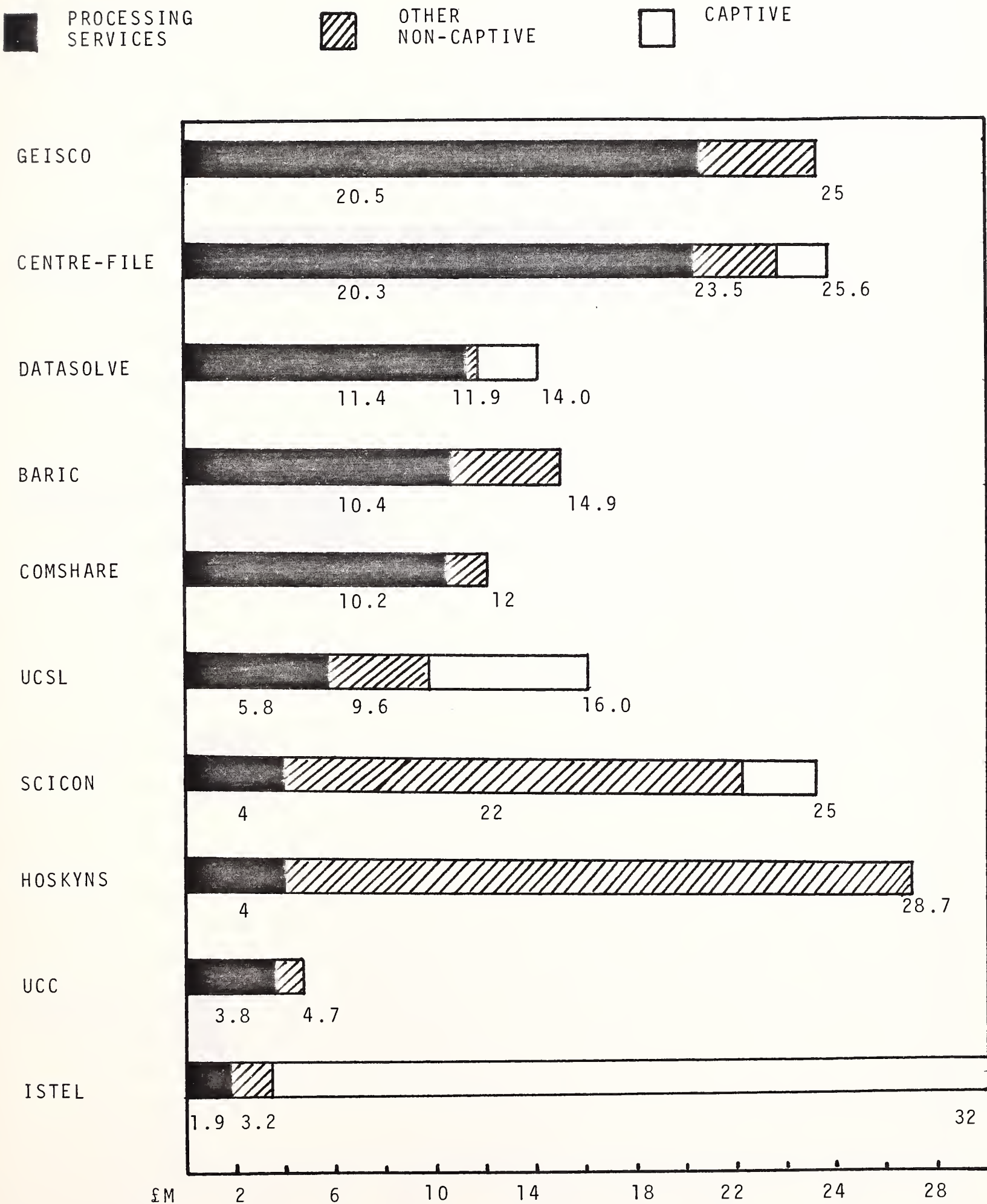
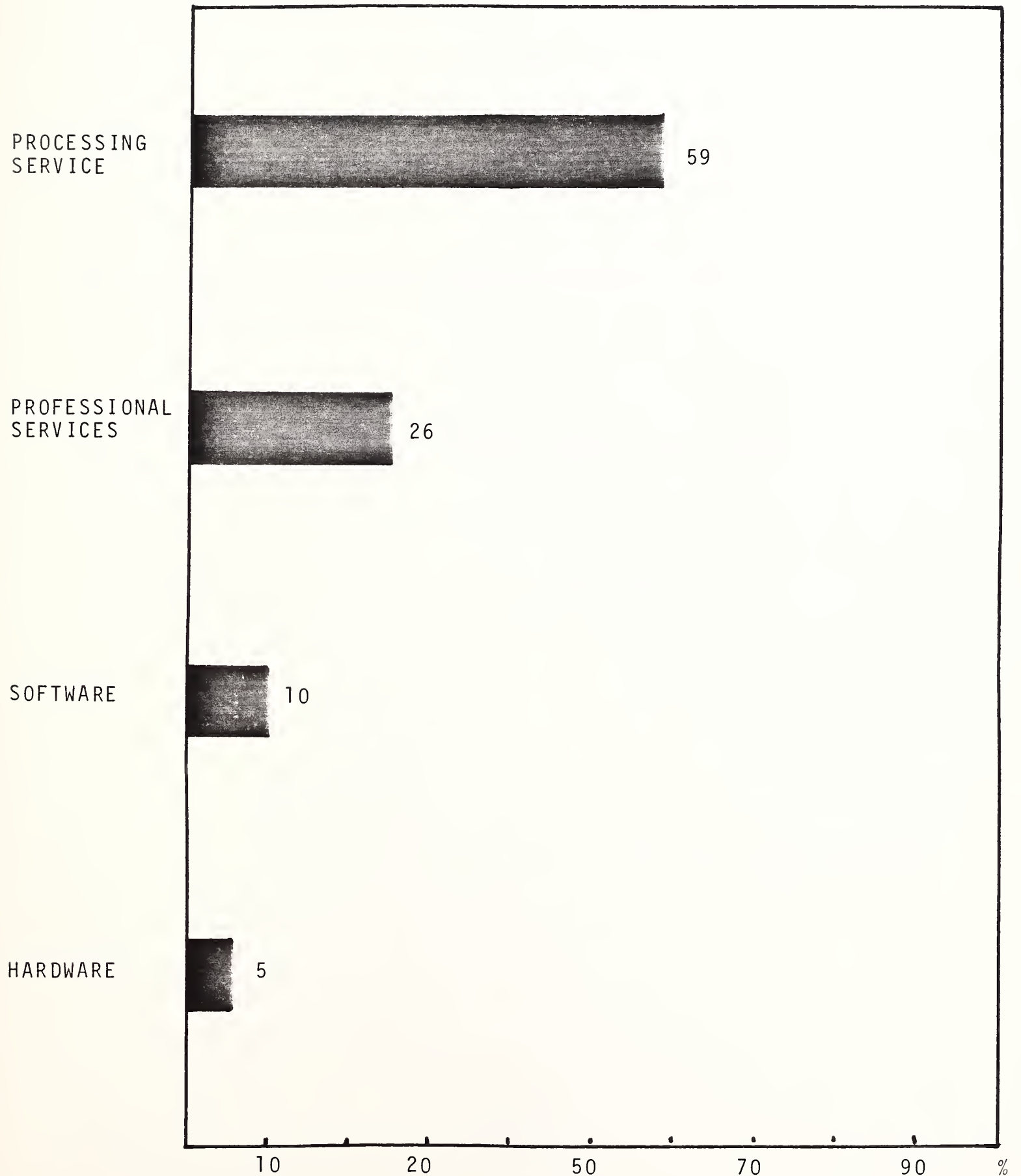




EXHIBIT II-2  
REVENUE SOURCES  
(Average for Top-Ten Competitors)







## EXHIBIT II-3

### OVERALL MARKET SIZE AND GROWTH

- Total UK Information Services Market (1983)
  - £1 Billion
- Top Ten Competitors
  - £155.5 Million Non-Captive    £197.9M Total
- Total UK Processing Services Market (1983)
  - £400 Million
- Top Ten Competitors Processing Services Revenues
  - £92.3 Million
- Expected Growth For Top Ten Competitors (Weighted Average)
  - 12.7%

Source: INPUT Research  
(Provisional)



## EXHIBIT II-4

### AREAS OF SPECIALISATION

- VERTICAL MARKETS
  - Manufacturing
  - Banking Finance
  - Energy
  - Direct Mail
  
- CROSS INDUSTRY
  - General Accounting
  
- FACILITIES MANAGEMENT
  
- COMMUNICATIONS NETWORKS (VANS)
  
- ON-LINE DATA BASE
  
- VIDEOTEX
  
- NEW TECHNOLOGY AREAS
  - PC
  - Decision Support
  - Automated Office
  - FGL



## EXHIBIT II-5

### FUTURE DIRECTIONS AND STRATEGY

- Applications Software Package Sales
- Professional Services Group
  - Value Added Services
- Communications Networks (VANS)
  - Specific Market Segments
- Highly Efficient Low-cost Bureau Services To Support Other Activities
- Acquisitions Initiatives
  - Application Package Products
  - Companies



### III. COMPETITIVE COMPANY ANALYSIS





### III COMPETITIVE COMPANY ANALYSIS

#### A. SCICON

##### 1. BUSINESS PROFILE

###### a. Financial Performance Data

- Revenue Size. SCICON's non-captive revenues from UK activities amounted to £22M during the calendar year 1983 out of a total SCICON Group turnover of £100M.
- Growth Rates. In the last year SCICON has stagnated at the £22M level. Processing services business has declined from around the £6M mark in 1981 to just over £4M during 1983. Other activities have been developed to make up this revenue shortfall, but re-continued growth is now a high priority for SCICON's management.
- RCS Revenues are now growing again and are expected to double in the next five years indicating average annual growth of around 15%.
- Software application packages are another high growth area for SCICON.

###### b. Revenue Sources

- SCICON's £22M of UK sourced revenues was achieved as follows:

-	Processing services	4.0
-	Professional services	11.0
-	Software	4.0
-	Hardware	<u>3.0</u>
		£22.0M



- Processing services is virtually all on-line in the UK.
- Professional services consists of consultancy work (annual £4M annual revenues) and custom system developments (annual £8M annual revenues).
- Software sales are for application packages (known within SCICON as standard systems). Some 90 products are available of which 5 provide half the revenue.

#### c. Employment

- SCICON currently employ 920 people in the UK up from 865 in 1983.

## 2. AREAS OF SPECIALISATION

- Current areas of specialisation are:
  - Defence
  - Communications
  - Energy
  - Commerce and Industry
  - Processing Services
- Defence is currently the largest area of business but future growth is based largely on export related business.
- Communications is important, particularly in the light of SCICON's 50% stake in MERCURY.
- SCICON's Telematics Service is concerned with the interaction of telecommunications and information technology.



- The Message Switching Division has recently launched the Text and Data Exchange, a 'store and forward' device that not only provides traditional message switching but also gateway facilities to data processing computers, word processors and public networks.
- Specialisation in the Energy area is to be expected from this subsidiary of BP. In the commerce and industry area manufacturing is emerging as the most important area of specialisation based on their franchise for the MANMAN system.
- In processing services, IBM and DEC based services are being emphasised over the Sperry 1100 based business.
- Facilities Management is another area of specialisation for SCICON.

### 3. FUTURE DIRECTIONS AND STRATEGY

- The two key areas upon which SCICON's marketing strategies and future directions are based are its two fastest growing:
  - RCS
  - Software applications packages (standard systems)
- In the case of RCS, as already mentioned, IBM 4300 Series and DEC VAX operations are being emphasised.
- Future development centres around the 'Information Centre' concept, providing a range of services including access to standard systems and specialised databases.
- System prototyping facilities using fourth generation languages and supporting tools are a particularly important area of emphasis.



- In the approach towards applications packages two key strategic directions stand out:
  - Concentration on the high value end of the market (i.e. £100K rather than £10K systems) oriented to big company accounts.
  - Selection of niches within the four major market segments of:
    - . energy
    - . manufacturing
    - . communications
- Emphasis on communications, it should be noted, seems clearly weighted to 'enabling facilities' (eg hardware and software systems for controlling networks) rather than the provision of services.
- The strategy on software is to own the rights and thus as well as making direct sales be in a position to licence others to market it eg IBM, ICL.
- Emphasis is placed on making software or obtaining it from within the BP Group.





## B. GEISCO

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. GEISCO generated revenues of approximately £25M in 1983.
- Growth Rate. GEISCO has been consistently growing at around 10% for the last four years in the U.K.
- Professional services, though still a small proportion of the overall business, is a rapidly growing sector, probably growing at around 40% per annum at the moment.

#### b. Revenue Sources

- INPUT estimates that GEISCO's UK revenues were derived from the following sources;

-	Processing services	20.5
-	Professional services	2.4
-	Software	1.4
-	Hardware	<u>0.7</u>
		£25.0M

- The MARK III Information Service is GEISCO's processing service trade name which consists of the following major elements:

- Foreground Service (Honeywell computer based interactive processing).
- GEISCO Background Service (Honeywell computer based remote batch processing)



- Distributed Data Processing Service (based on personal computers including IBM PC's).
- Mark 3000 Service (IBM computer based services).

c. Employment

- GEISCO Currently employs around 400 people in its UK operations.

2. AREAS OF SPECIALISATION

- GEISCO's claim to market the largest network in the world for processing services has led them to address a very broad range of application areas.
- Commodity processing services have been declining and value added services emphasised.
- This specialisation is in effect the supply of very efficient worldwide communications backed up by massive processing power on their major supercentres. the European centre is located in Amsterdam.
- Multi-national companies have consequently been an area of high market focus.
- Personal computer remarketing with added value software has become another important area, particularly with the widespread acceptance of the IBM PC.
- Recent software company acquisitions indicate that Banking, Energy, Manufacturing and General Accounting applications are particularly significant to GEISCO.
- INPUT has estimated that GEISCO's revenues can be attributed across major market segments approximately as



follows:

- General business applications	30%
- Manufacturing	25%
- Banking and Finance	12%
- Energy	12%
- Distribution	10%
- Other	<u>11%</u>
	100%

### 3. FUTURE DIRECTIONS AND STRATEGY

- Input believes that GEISCO will continue to emphasis the above highlighted market sectors and make major efforts to leverage its communications expertise.
- Communications will be emphasised through seeking opportunities to enhance the VANS approach now being opened up as a result of BT liberalisation.
- Value added services is a key feature of GEISCO strategy as it continues to run down the sale of raw processing power on its network.
- VIDEOTEX, the interrelationship of isolated networks, electronic mail services are all key interests, as is the proliferation of personal computers and the opportunities created for linking them together.
- A major strategy is to grow the sales of packaged software to around 30% of revenues (currently around 6%) through aggressive acquisitions. As indicated above this process has already begun.
- GEISCO has indicated that it is clearly aiming to be a major player in the Information Technology marketplace of the future recognising, on a world scale, IBM and ATT as its most important long term competitors.



## C. UCSL

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. It is estimated that UCSL Revenues during 1983 amounted to nearly £16M.
- Growth Rates. UCSL growth has slowed in recent years. Having peaked at 25% growth in 1980, revenue growth slowed to 8.6% in 1981 and 1.8% in 1982.

#### b. Revenue Sources

- It is estimated that some 40% (£6.4M) of UCSL revenues are captive within the Unilever Group.
- Of the remaining 60% (£9.6M) it is estimated that it is derived as follows:

-	Processing services	5.8
-	Professional services	3.0
-	Software	0.8
-	Hardware	<u>-</u>
		£9.6M

#### c. Employment

- Approximately 650 employees in the U.K.





## 2. AREAS OF SPECIALISATION

- UCSL is a diversified computer services company operating a variety of products and services and strongly influenced by its captive sales to Unilever.
- It claims to offer a total service primarily directed at the Industrial and Commerical sectors with vertical market specialisation in consumer finance and banking systems.
- Other areas of specialist interest are nursing administration and the automated office environment.
- Included in their range of products and services are:
  - central and remote computing services including timesharing (IBM technology)
  - telecommunications network
  - systems development and implementation (turnkeys)
  - consultancy
- USCL also supports specialised groups which provide:
  - business information systems
  - management science applications
  - decision support systems
  - management information systems using mainframes, minis or micros.

## 3. FUTURE DIRECTIONS AND STRATEGY

- UCSL is typical of many large computer services operations in that it has suffered a decline in sales of



computer time largely caused by migration to minis and micro systems.

- As a result new areas of direction and new strategies have had to be developed, INPUT considers that this process has not yet been completed.
- One area that has become a more important strategic direction for UCSL is that of networking services in the banking services area.
- This has derived from their involvement with the Link consortium. This Group is attempting to set up a network of around 1000 ATMs in competition against the large clearing banks.
- Within this group the National Giro Bank and Abbey National will each manage their own networks. Smaller building societies and financial institutions will participate in a system to be developed and managed by USCL.
- USCL has already received a £1 million order for a three year period to establish this network.
- Another area of significance is in the managing and running of large private on-line database systems.
- The prime example of this is the system currently run for the European Petrochemical Association.
- It sees public on-line data bases as a high risk area, preferring to develop systems sponsored by specialist organisations. Further developments are planned.
- UCSL also has an interest through its parent group in Tymshare which is now a part of McDonnell Douglas. It



is not known what future directions will be taken by this enterprise.



## D. CENTRE-FILE

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. 1983 turnover was £25.6M.
- Growth Rates. Growth in revenues of 14% in 1981 slowed to 10% in 1982 but leaped up to 26.7% in 1983. 13% growth is anticipated for 1984.

#### b. Revenue Sources

- Around 8% of Centre-Files revenues are derived from its parent organisation Nat West Bank.
- The remaining revenue (£23.5M) is sourced as follows;

- Processing services	20.3
- Professional services	2.0
- Software	0.7
- Hardware	<u>0.5</u>
	£23.5M

#### c. Employment

- Currently 850 people

### 2. AREAS OF SPECIALISATION

- Batch Payroll is a major specialisation and still the fastest growing and most profitable product. Market leader with in excess of £6M revenue in this area.





- General accounting is an important area for Centre File.
- Vertical markets of particular significance are:
  - Stockbrokers
  - Building Societies
  - Solicitors
  - Retailers
  - Financial Institutions
- These vertical markets are addressed mainly with on-line real-time services.

### 3. FUTURE DIRECTIONS AND STRATEGY

- In the payroll and general accounting specialty areas, front ending batch applications with PC's is the direction being taken.
- Centre-File recently reassessed its strategic direction, concerned that up to about 1981 it was almost 100% bureau based, much of it batch processing.
- Its strategies have now been formulated to point Centre-File in the direction of becoming an all round service company. They include:
  - Establishing a Professional Services and Software Products Division.
  - Utilising all available technologies in the provision of products and services, namely minis, micros, mainframes and communications.
  - Setting up an embryonic micro product division.
  - Maximising profitability on the bureau service.



- Fundamentally Centre-File remains a cautious company, somewhat conservative in its approach to new technology. Clearly the new world typified by PC's has now been embraced. Professional Services and Microcomputer product revenues, basically the two new areas, are expected to represent 20% of revenues in 1984.



## E. COMSHARE

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. Revenue was estimated at £12M for calendar year 1983.
- Growth Rates. COMSHARE'S UK revenues fell back markedly between 1980 and 1981 following a period of rapid growth. In their last reported returns (to June 1983) growth was restored to around the 10% per annum rate, and strong growth is expected this year.

#### b. Revenue Sources

- Revenues in the U.K. are estimated to have been sourced as follows:

-	Processing services	10.2
-	Profession services	1.0
-	Software	0.8
-	Hardware	-
		<hr/>
		£12.0M

#### c. Employment

- U.K. staff of 400

### 2. AREAS OF SPECIALISATION

- Time Sharing bureau services account for a very large proportion (approximately 90%) of COMSHARE'S revenues. The majority of these revenues are accounted for by specific COMSHARE applications for example:



- Wizard, modelling language
- Questor, relational information management system
- Orion, time series and forecasting software.

- Professional Services includes chargeable manitime activities like consultancy, system implementation and commercial training for small business systems.
- Software sales relate mainly to Masterplanner and Plannercalc spreadsheet packages for PC's and Wizard for PC's and mainframes.

### 3. FUTURE DIRECTIONS AND STRATEGY

- COMSHARE have been very clear in defining the two main elements of their product strategy:
  - Decision Support Software
  - Availability of software as RCS service, Mainframe package or PC application.
- COMSHARE have attempted to communicate this message very strongly in the media.
- Emphasis on 'new' commodity-like marketing campaigns is also a feature of COMSHARE's approach. Namely magazine coupon sales of PC software and heavy advertising expenditure including T.V.
- COMSHARE's agreement with IBM on the Wizard (System W in the US) Decision Support Software also marks an increased awareness of the need for partnerships and third party agreements in their business environment.
- In summary a need to place less and less emphasis on the traditional bureau business and more and more on software sales, particularly Decision Support Software backed up by professional services.





## F. BARIC

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. BARIC's revenue in their last complete financial year (to 9.83) was £14.6M. Estimated revenue for the calendar year 1983, £14.9M.
- Growth Rates. In the period 1982 to 1983 BARIC grew by just under 6%. Growth in revenue has been slowed by deliberate divestment of certain operations eg. Systemset. Business activity declined between 1980 and 1982 as a result of this.

#### b. Revenue sources

- Revenue composition for BARIC has been estimated by INPUT as follows:

-	Processing services	10.4
-	Professional services	3.2
-	Software	0.5
-	Hardware	<u>0.8</u>
		£14.9M

- Processing services is around 50% batch and includes about £2M from VIDEOTEX services.
- Professional services is primarily turnkey systems (£1½M) and Facilities Management.
- Hardware sales are largely accounted for by BARIC's role as a Tradespoint dealer for ICL Equipment.



c. Employment

- The number of people employed by BARIC has fallen steadily from a high point of over 800 in 1980 to just over 400 today.

2. AREAS OF SPECIALISATION

- BARIC's business, as indicated above, falls broadly into four areas:
  - Bureau Processing
  - Facilities Management
  - Turnkey
  - Traderpoint dealership
- Within the bureau processing area VIDEOTEX applications, e.g. HOLIDAYMASTER, are a particular emphasis for BARIC.
- Facilities Management is another area of specialisation. Four 2966's are run at their Felpham headquarters for the Post Office.
- The ICL Traderpoint dealership includes offering its own Business Manager packages on the ICL DRS and the Perq system with the Soritec econometric planning and statistical analysis package.
- A new area of specialisation is in VAN's. BARIC will act as the system implementor for ICL's Network Services Division in setting up a VAN for the Article Numbering Association. ATT's Net/1000 packet technology will be used.



### 3. FUTURE DIRECTIONS AND STRATEGY

- BARIC's main strategic guiding principle has, for some-time, been the selection of a business mix based on assessment of long term profitability.
- Consequently profitable sections of the business, like the phototypesetting activity, Systemset, have been sold off when future prospects have not looked good.
- An increasing involvement with communications technology. Implementation of VANS and the provision of the associated additional services are strong areas of emphasis for the future.
- Traderpoint activities, particularly with the ICL PC and local area network technology from ICL, will also be an important area for BARIC.



## G. DATASOLVE

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size £14M is estimated by INPUT as Datasolve's calendar 1983 revenues.
- Growth Rates. After marginal growth of 4% in the period 1979 to 1980, Datasolve's business declined by 9% before remaining static for the next couple of years. Modest growth, estimated to be in the 5-10% area has now resumed.

#### b. Revenue Sources.

- Datasolve is Thorn-EMI Information Technology's bureau service which affects their business mix. Approximately 15% (£2.1M) of their business is Facilities Management for the parent company. The remainder are split as:

- Processing services	11.4
- Professional services	0.5
- Software	-
- Hardware	-
	<hr/>
	£11.9M

- Professional service revenues are accounted for by a small education division.
- Processing services is largely on-line and batch bureau work and the new Information Division selling on-line database services like WORLD REPORTER.





c. Employment

- Approximately 350 in 1984.

2. AREAS OF SPECIALISATION

- The development of an Information Division to market on-line database and VIDEOTEX based services signals two key areas of specialisation for DATASOLVE.
- DATASOLVE have also specialised in batch bureau services purchasing CONTROL DATA's batch business.

3 FUTURE DIRECTIONS AND STRATEGY

- Clearly on-line database and VIDEOTEX based services are key directions for DATASOLVE'S business as already mentioned above.
- The specialisation in Batch Processing also mentioned above is the result of a clear strategic aim. That is an 'end game' strategy, to control a major and increasing proportion of a declining market.



## H     ISTEEL

### 1     BUSINESS PROFILE

#### a.     Financial Performance Data

- Revenue Size.   1983 revenues amounted to approximately £32M, 90% captive within the BL Group.
- Growth Rates.   Growth in ISTEEL's operations is now around 8½% per annum having progressively increased from around 6½% per annum growth in 1981.

#### b.     Revenue Sources

- ISTEEL's non-captive revenues amounted to around £3.2M in 1983.   These, it is estimated, were composed of:

-     Processing services	1.9
-     Professional services	0.8
-     Software	0.5
-     Hardware	<u>          </u>
	£3.2M
- Processing services includes a Computervision CAD bureau, a hot-restart disaster recovery facility and VAN services.
- Professional services covers general consultancy particularly in the Manufacturing and CAD/CAM areas.
- Software covers the sale of products also offered on the bureau service, eg SEE WHY operational research Software.



c. Employment

- 1100 people in 1984.

2 AREAS OF SPECIALISATION

- Manufacturing is a key area for ISTEEL which covers the following services:
  - the IMPCON manufacturing system for small companies
  - the FAMIS manufacturing system for large companies
  - Computervision CAD bureau
  - Engineering Services Bureau
  - Operational Research applied to manufacturing systems eg SEE WHY.
- Communications networks are an important area. INFOTRAC is ISTEEL's Networking Facility which is licensed as a VAN for third party use.
- Also in this area are the COMET Electronic Mailservice (now offering TELEX as well) and VIEWSHARE a VIDEOTEX bureau.
- Disaster recovery is a particular area of interest offering largescale IBM 3080 series hot-restart capabilities.
- Laser printing bureau facilities aimed primarily at the Direct Mail sector are also offered.



### 3 FUTURE DIRECTIONS AND STRATEGY

- ISTEEL is embarked on a clear expansionary strategy distancing itself, not just in name, from its parent BL. A sale to the private sector is a clear possibility.
- It can thus be expected that ISTEEL will place heavy emphasis on expanding its non-BL business and will become a very active competitor in its chosen market segments.
- Manufacturing systems will continue to be a major strategic direction as too will communications. Electronic mail (COMET), VIDEOTEX services and VAN's services are all key constituents.





# I     HOSKYNS

## 1     BUSINESS PROFILE

### a.     Financial Performance Data

- Revenue size. For the year ended October 1983, Hoskyns reported revenues of £28.3M. INPUT has estimated its 1983 calendar year revenues at £28.7M.
- Growth Rates. In 1980 Hoskyns achieved 46% revenue growth. In the two subsequent years this slowed to around 20% and in the last year was only 7%. Hoskyns management are forecasting a return to 20% growth in the current year.

### b.     Revenue Sources

- Hoskyns revenue is estimated by INPUT to be sourced as follows:

-     Processing services	4.0
-     Professional services	16.2
-     Software	6.0
-     Hardware	<u>2.5</u>
	£28.7

- Professional services includes Hoskyns educational division and their substantial facilities management business, including their Crossroads service for companies changing over their computer facilities.
- Hardware sales are primarily of PCs through their Business Centres.

### c.     Employment



- Estimated to be currently 1050 people.

## 2 AREAS OF SPECIALISATION

- Hoskyns has a strong orientation towards manufacturing software consequent upon its original work on the MAS family of products.
- MAS reputedly forms the basis of 75% of the company's products.
- The RAMIS II fourth generation language obtained when its parent Martin Marietta acquired Mathematica.
- Personal computer distribution (since July 1983) for IBM, Apple, DEC and HP through its Business Centres. This is the fastest growing part of the business.
- A systems development methodology SDM used to support its system building division on consultancy and project management.
- In summary Hoskyn's specialisations are reflected in its organisation which is divided into five main areas:
  - Applications software
  - Training
  - Turnkey and hardware supply
  - System building
  - Facilities management

## 3 FUTURE DIRECTIONS AND STRATEGY

- To date Hoskyn's growth has been organic but as can be seen from its recent performance this has slowed dramatically.



- As a result management have determined on a policy of company and software product acquisition. Two new management posts have been created in order to implement this strategy.
- Areas under scrutiny that have been identifies are:
  - Robotics
  - CAD/CAM
  - Industrial engineering
  - Retailing
  - Leisure
  - Personal Computers
- Innovation and the exploration of new areas are themes for Hoskyn's management in this initiative



## J. UCC

### 1. BUSINESS PROFILE

#### a. Financial Performance Data

- Revenue Size. 1983 revenues for the UK company were £5.9M, this includes business derived from the Netherlands, estimated to be around 20% of the total.
- Growth Rates. From a revenue high of £7.6M in 1979, UCC suffered a 30% decline in the following year and static revenues in 1981. Modest growth of around 5% per annum has been maintained since then.

#### b. Revenue Sources

- Revenues from the UK market are estimated to have been derived as follows:

- Processing services	3.8
- Professional services	0.6
- Software	0.3
- Hardware	-
	<hr/>
	£4.7M

#### c. Employment

- UK staff totals round 180 at the present time.

### 2. AREAS OF SPECIALISATION

- The dominant computer bureau operation addresses three principal areas:





- Commercial processing
- Engineering applications
- Direct Mail and Typesetting

- Commercial processing includes payroll and personnel applications, business accounting and financial planning and control.
- Many of these services are batch oriented and have thus contributed to the declining revenue situation.
- Engineering applications are comprehensive and aimed at the civil, structural, chemical and offshore engineering markets. Electronics is also a specialist area.
- The availability of very low cost computer power at their DALLAS headquarters has given UCC a strong competitive pricing edge for this business. Services can be provided with very high margins.
- Direct Mail and Typesetting services marketed to fulfillment houses is a specialist area based in Birmingham.

### 3. FUTURE DIRECTIONS AND STRATEGY

- UCC has been hit very hard by the changing nature of RCS business. It has also directed its unprofitable hardware OEM activity which was primarily US based.
- Oriented to the sale of raw computer power it has not been able to move quickly enough into the areas of unique proprietary software and value added services.
- UCC has been overhauling its strategies in the last couple of years in order to give the company new direction.



- UCC has identified applications software products as a key development area for the future. Microcomputer applications are seen as particularly important and it seems embarked on a policy of seeking suitable acquisitions in Europe.
- It has already taken over the US firm Open Systems, which marketed accounting packages for 8-bit and 16-bit micros, and the US based banking software firm Financial Software of America.
- Management changes and share issues in the US, to raise funds for takeovers, have evidenced the first steps to change the company's strategy and redirect it towards these new growth areas.



#### IV. CONCLUSIONS



## IV CONCLUSIONS

### A. BUSINESS PROFILE

#### 1. REVENUE ANALYSIS

- The top-ten competitive information service companies covered in this study are shown in Exhibit IV-1 ranked by size of processing services revenues.
- In total these ten companies generated processing services revenues of £92.5M in 1983 out of an estimated UK industry total which INPUT are provisionally estimating at approximately £400M.

#### 2. REVENUE GROWTH

- Based on recent performance and company management statements INPUT has estimated the likely growth of these ten companies in 1984. These estimates are shown in Exhibit IV-2.
- On these assumptions average growth for these ten companies is 12.7%

#### 3. EMPLOYMENT

- Exhibit IV-3 shows a tabulation of employment levels and the calculation of revenue per employee statistics.
- BARIC and GEISCO's revenue per employee are well above average. GEISCO's in particular, accounted for by the location of its central processing sites outside the UK.





EXHIBIT IV-1

TOP TEN COMPETITORS TO IBM INS UK  
- RANKED BY PROCESSING SERVICES REVENUE

REVENUE \$M						
RANK	COMPANY	PROCESSING SERVICES	PROFESSIONAL SERVICES	SOFTWARE	HARDWARE	TOTAL NON-CAPTIVE
1.	GEISCO	20.5	2.4	1.4	0.7	25.0
2.	CENTRE-FILE	20.3	2.0	0.7	0.5	23.5
3.	DATASOLVE	11.4	0.5	-	-	11.9
4.	BARIC	10.4	3.2	0.5	0.8	14.9
5.	COMSHARE	10.2	1.0	0.8	-	12.0
6.	UCSL	5.8	3.0	0.8	-	9.6
7.	SCICON	4.0	11.0	4.0	3.0	22.0
8.	HOSKYNS	4.0	16.2	6.0	2.5	28.7
9	UCC	3.8	0.6	0.3	-	4.7
10.	ISTEL	1.9	0.8	0.5	-	3.2
TOTAL		92.3	40.7	15.0	7.5	155.5



## EXHIBIT IV-2

## OVERALL REVENUE GROWTH ESTIMATES

COMPANY	1983 Total Non-Captive Revenues £M	1983-1984 Estimated Growth %	1984 Estimated Non-Captive Revenues £M
GEISCO	25	10	27.5
CENTRE-FILE	23.5	13	26.5
DATASOLVE	11.9	8	12.8
BARIC	14.9	8	16.1
COMSHARE	12.0	15	13.8
UCSL	9.6	15	11.0
SCICON	22.0	14	25.1
HOSKYNS	28.7	15	33.0
UCC	4.7	5	4.9
ISTEL	3.2	40	4.5
TOTAL	155.5	12.7	175.2



## EXHIBIT IV-3

## ANALYSIS OF EMPLOYMENT LEVELS

COMPANY	Number of Employees Revenues	Total Revenues £M	Revenue Per Employee £000
GEISCO	400	25.0	62.5
CENTRE-FILE	850	25.6	30.1
DATASOLVE	450	14.0	31.0
BARIC	400	14.9	37.2
COMSHARE	400	12.0	30.0
UCSL	650	16.0	24.6
SCICON	920	25.0	27.2
HOSKYNS	1050	28.7	27.3
UCC	180	4.7	26.1
ISTEL	1100	32.0	29.1
TOTAL	6400	197.9	30.9



## B. AREAS OF SPECIALISATION

- Areas of specialisation amongst the top-ten companies covered in this survey varied considerably. This can be seen in Exhibit IV-4.
- Specialisations are grouped. Not surprisingly, vertical market segments were the most frequently mentioned.
- General accounting, networking (including VANS) and Personal Computers were also mentioned relatively frequently.





## EXHIBIT IV-4

## AREAS OF SPECIALISATION

<u>SPECIALISATION</u>	NUMBER OF MENTIONS
<u>Vertical Markets</u>	
Manufacturing	3
Banking/Finance	2
Energy	2
Direct Mail	2
Engineering	1
Building Societies	1
Stockbrokers	1
Solicitors	1
Retail	1
Defence	1
<u>Cross Industry</u>	
General Accounting	4
<u>Generic</u>	
Batch	3
Facilities Management	3
Disaster Recovery	1
<u>Communications</u>	
Networks/VANs	4
Software	1
<u>On-Line Data Base</u>	2
<u>VIDEOTEX</u>	3
<u>New Technology</u>	
PCs	4
Decision Support Systems	2
Automated Office	1
Fourth Generation Language	1
<u>Market Segmentation by Company Size</u>	
Large Companies, multinationals	2



### C. FUTURE DIRECTIONS AND STRATEGY

- This area is more difficult to classify. Many of the areas of specialisation mentioned above are being emphasised further by the companies involved within their strategies and statements of direction.
- For example PC's gained further emphasis as did a number of vertical markets.
- Nevertheless a number of clearly important trends stood out judged on the basis of the emphasis being placed upon them by the vendors concerned.
- The most important of these are listed below:
  - Emphasis on increasing the proportion of revenue gained from sales of application software.
  - Establishing a professional services group capable of meeting increased needs for value added services.
  - Building networking facilities (VANS) often for particular market segments.
  - The maximisation of profitability on the bureau service (put another way, ensuring bureau service is highly efficient in order to compete effectively).
  - Acquisition strategies, often aimed at meeting application software and growth goals.



## About INPUT

INPUT provides planning information, analysis, and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions. Continuing services are provided to users and vendors of computers, communications, and office products and services.

The company carries out continuous and in-depth research. Working closely with clients on important issues, INPUT's staff members analyze and interpret the research data, then develop recommendations and innovative ideas to meet clients' needs.

Clients receive reports, presentations, access to data on which analyses are based, and continuous consulting.

Many of INPUT's professional staff members have nearly 20 years' experience in their areas of specialization. Most have held senior management positions in operations, marketing, or planning. This expertise enables INPUT to supply practical solutions to complex business problems.

Formed in 1974, INPUT has become a leading international planning services firm. Clients include over 100 of the world's largest and most technically advanced companies.

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